GOVERNMENT OF INDIA
RURAL DEVELOPMENT
LOK SABHA

STARRED QUESTION NO:301
ANSWERED ON:11.12.2001
FINANCIAL CRISIS TO PANCHAYATS AND NAGAR PALIKAS
SURESH KODIKUNNIL

Will the Minister of RURAL DEVELOPMENT be pleased to state:

(a) the total amount of money released to the Panchayats and Nagar Palikas during the last two years;

(b) whether the Government are aware that Panchayats and Nagar Palikas are facing serious financial crisis; and

(c) if so, the steps taken by the Government to meet the situation?

Answer

MINISTER OF RURAL DEVELOPMENT (SHRI M. VENKAIAH NAIDU)

(a) to (c) A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO THE LOK SABHA STARRED QUESTION NO. 301 DUE FOR ANSWE 11/12/2001.

Under the Poverty Alleviation Programmes of the Jawahar Gram Samridhi Yojana (JGSY) and the Employment Assurance Scheme (EAS), the funds have been released to the Intermediate Panchayats and Gram Panchayats respectively through the District Rural Development Agencies (DRDAs)/District Panchayats (DPs). The funds released to the Panchayats during the last two years under these Schemes are as under:

[Rs. in lakhs]

Year	Amount released under JGSY	Amount released under EAS
1999-2000	168527.86	173641.95
2000-2001	132756.77	116027.08
TOTAL	301284.63	289669.03

1. The Ministry of Urban Development & Poverty Alleviation (who is dealing with Urban Local Bodies) do not release funds directly to the Urban Local Bodies.

2. The financial position of many Panchayats and Urban Local Bodies in the country is weak. While Local Bodies is a State subject, the Government of India have, following the passage of 73rd and 74th Constitution Amendments, been reviewing the working of Local Bodies, and the States/UTs have, from time to time, been urged by the Central Government to accelerate the devolution of powers upon these Bodies so as to enable them to function as institutions of self-government. The devolution of funds, functions and functionaries upon Local Bodies is a continuing process in which the States/UTs have devolved financial and functional powers upon Local Bodies in varying degrees, after the 73rd and 74th Constitution Amendments.

3. In pursuance of the provisions of the 73rd and 74th Amendment Acts, the States had constituted State Finance Commissions (SFCs) to review the financial position of Panchayats and Urban Local Bodies. Most of the States have accepted the recommendations of SFCs.The Eleventh Finance Commission had, based on the recommendations of the SFCs, recommended Local Bodies Grants amounting to Rs.8,000 crores for Panchayats and Rs.2,000 crores for Urban Local Bodies during the period 2000-05 towards the financing and maintenance of civic services such as safe drinking water, street lighting, sanitation and public conveniences. The Grants are released by the Ministry of Finance.

4. The Government of India have been actively pursuing the State Governments and Union Territory Administrations to devolve more powers to Panchayats, both through high level meetings and through correspondence with the State Chief Ministers, Ministers and State Secretaries in charge of Panchayati Raj. A Conference of Ministers of Panchayati Raj of the States was held on 11th July, 2001 at New Delhi in which it was, inter-alia, resolved that the States and Union Territories would devolve functions upon the PRIs in respect of the 29 subjects listed in the XI Schedule and issue executive instructions devolving specific executive powers upon each tier of Panchayats. The Chief Ministers of the States and Administrators of Union Territories have been advised to implement the Resolutions of the Conference within the time frames agreed upon during the discussions.

5. With a view to assist the Urban Local Bodies in the formulation of Urban Development and Resource Mobilisation Plans and their implementation, the Ministry of Urban Development and Poverty Alleviation had circulated Guidelines to all the States in 1996; these Guidelines include innovative approaches for fiscal resource mobilisation and other innovative resource mobilisation. The Ministry of Urban Development & Poverty Alleviation also issued Guidelines to all the States in 1998 to simplify and rationalise the Property Tax System.